

Press Release

Helsingborg, 18 July 2025

Interim report Q2 January – June 2025

ORDER INTAKE REMAINS STRONG – SALES AND PROFITS LOWER THAN PLANNED

Financial development second quarter 2025

- The order intake in the second quarter amounted to SEK 878 million (407), equivalent to an increase of 116%, of which organic growth accounted for 58% and acquired growth for 58%.
- Net sales increased by 27% to SEK 383 million (302), of which organic growth amounted to -36% and acquired growth to 63%.
- The gross margin amounted to 46.0% (51.1). The acquisition of roda negatively impacted the quarter's gross margin. Excluding the acquisition, the gross margin amounted to 57.9% for the quarter.
- Adjusted EBITA amounted to SEK 25.1 million (46.4), equivalent to an adjusted operating margin of 6.5% (15.4). The explanation for the decline in operating profit is entirely related to the lower organic net sales.
- Adjusted operating profit (EBIT) amounted to SEK 5.6 million (34.1), corresponding to an operating margin of 1.5% (11.3).
- Free cash flow amounted to SEK 32.7 million (20.3) during the quarter.

Financial development January – June 2025

- The order intake amounted to SEK 1,282 million (622), an increase of 106%. Organic growth accounted for 58% and acquired growth for 48%.
- As of June 30, 2025 the order backlog was up 121% to SEK 3,205 million compared with the same date in 2024 (1,447). Organic growth accounted for 71% of this and acquired growth for 50%.
- Net sales increased by 35% to SEK 723 million (534), of which organic growth accounted for -11% and acquired growth for 46%.
- The gross margin amounted to 47.0% (49.9). The acquisition of roda negatively impacted the period's gross margin. Excluding the acquisition, the gross margin amounted to 54.3% for the period.
- Adjusted EBITA amounted to SEK 41.0 million (47.6), equivalent to an adjusted operating margin of 5.7% (8.9).
- Adjusted operating profit (EBIT) amounted to SEK 12.7 million (27.2), corresponding to an operating margin of 1.8% (5.1).
- Free cash flow amounted to SEK -41.6 million (41.1) during the period.
- Earnings per share after dilution over the last 12-month period amounted to SEK -5.05 (1.07).

Summary of significant events in the second quarter, April - June 2025

- The MilDef subsidiary Westek signed a contract with a global defense group for a value of SEK 45 million. The contract is for rugged IT equipment for a mission-critical defense platform. This is the single largest order to date for Westek and deliveries will take place in 2026.
- As part of ongoing accelerated defense rearmament, the Swedish Defence Materiel Administration (FMV) has ordered hardware from MilDef for a value of SEK 126 million. The deliveries to FMV, replacing older IT equipment and aimed at digitalizing the Swedish Army, will begin in 2025.
- Kongsberg Defence & Aerospace ordered MilDef's rugged IT equipment for a value of SEK 225 million. MilDef will supply hardware to increase digitalization capacity and deliveries will begin in 2026.

Summary of significant events after the end of the period

- MilDef won a OneCIS software contract and hardware orders from the Swedish Defence Materiel Administration for a value of SEK 139 million. This will involve supplying the Swedish Army with command systems for increased Nato interoperability. Based on the outcome of the options, the total value could reach up to SEK 203 million.

MilDef - WE ARMOR IT.

MilDef is a global systems integrator and full-spectrum provider specializing in rugged IT for defense and security domains. MilDef provides hardware, software and services that shield and protect critical information streams and systems, when and where the stakes are the highest. MilDef's products are sold to more than 200 customers through companies in Sweden, Norway, Finland, Denmark, United Kingdom, Germany, Switzerland, the United States and Australia. MilDef was founded in 1997 and is listed on Nasdaq Stockholm since 2021.

Statement by Daniel Ljunggren, President and CEO MilDef Group

POSTPONED DELIVERIES – ORDER INTAKE REMAINS STRONG

The second quarter was characterized by a sustained strong order intake which grew by 116% to SEK 878 million, 58% of which was organic. This is proof of MilDef's resilience in its ability to offer attractive products and solutions. Sales and profits for the quarter were, however, negatively impacted by some sizable planned deliveries that were moved to the third quarter. Sales therefore decreased organically by 36% while total sales grew by 27% driven by the acquisition of roda.

Second quarter deliveries postponed

MilDef's sales and operating profit in the second quarter were negatively affected by two larger deliveries being moved to the third quarter. Changed delivery dates are not unusual in our industry, and the reasons for this can vary. Changes are made in close dialogue with our customers. The two aforementioned delivery postponements were primarily due to integration technical issues and late changes regarding final assembly. I have previously emphasized the fact that MilDef operates in an industry which typically has high volatility over individual quarters and this volatility is expected to persist. It is best to look at a longer time horizon when evaluating MilDef's financial performance rather than on a quarterly basis.

Strategic contracts advance MilDef in the value chain

At the beginning of July MilDef announced that it had won two significant contracts, both strategic in nature. The contracts clearly demonstrate that MilDef is advancing in the value chain as the orders include undertakings that go beyond MilDef's traditional business of supplying rugged hardware. The first contract is with the Norwegian company Kongsberg Defence & Aerospace and represents MilDef's largest order to date in the Norwegian market. The order value is SEK 225 million. In addition to hardware, the order from Kongsberg also includes a contract for system design and implementation. The second contract is with the Swedish Defence Materiel Administration for a value of SEK 139 million with an option for an additional SEK 64 million. This contract is for command and control systems to increase the Swedish Army's NATO interoperability and connectivity with a solution that consists of MilDef's software (OneCIS), hardware and integration services. Both contracts are evidence of MilDef's ever growing capacity to deliver comprehensive and in-demand IT solutions for military purposes.

Nato's new capability targets set the tone going forward

In June Nato's 32 member countries agreed on new capability targets and on historic rearmament. By 2035 the Nato countries are to invest 5% of their GDP in security and defense. This decision is a direct response to the war in Ukraine and an increasingly tense global security situation. Now that the agreement is in place the arduous task of turning the promises into practice begins. For most European countries the updated capability targets will require significantly increasing defense appropriations. This historic rearmament will impact the entire European defense industry – including MilDef – and will set the tone for demand for a decade to come. With MilDef's many years of experience and proven capacity, we are addressing important defense priorities in digitalization of the different military branches. MilDef can also contribute significantly to the buildup of Europe's defense capabilities.

The roda acquisition and its potential

Intense integration of the German company roda is under way and initially our main focus will be on realizing commercial synergies. The acquisition is part of MilDef's strategy to expand and increase the Company's presence in the European market. The relevance of this investment is clear. Earlier this year Germany announced a defense reform whereby EUR 500 billion will be allocated for comprehensive rearmament over the next 12 years, making our acquisition seemingly even more timely. Germany's ambition to increase its defense capabilities will bring growth opportunities in the future – opportunities that we can now address through the roda acquisition.

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Positive expectations in 2025

There is still strong demand in the market and the growing interest in our offering is clearly evident. Due to the uncertain geopolitical situation security and defense remains a high priority, both nationally and internationally, in the short and the long term. An example is, again, NATO's raised ambition level requiring the member countries to invest a total of 5% of GDP in their defense capabilities. All in all, this strengthens the prospects for continued high demand during the second half of 2025, and against this backdrop, MilDef continues to execute plans and make investments in growth and expanded delivery capacity.

Daniel Ljunggren,
President and CEO of MilDef Group

MILDEF GROUP'S INTERIM REPORT JANUARY-JUNE 2025 PRESENTATION

MilDef Group's President and CEO Daniel Ljunggren will present the Interim Report for January - June 2025.

Date: Friday July 18 at 10:00 a.m. (CEST). The report is published at 08:00 a.m. (CEST) the same day at www.mildef.com and the news platform Cision. You are welcome to watch the live webcast via Teams or dial in to the conference call. It is possible to state questions over the conference call and the web.

Connecting to the meeting

To connect to the meeting, [click this Teams link](#) or phone in on one of the phone numbers below (audio only). Notification is not required for participation in the conference call but please connect/call in five minutes prior to the specified time to ensure a punctual start of the meeting.

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The interim report, the presentation material and the webcast will be available on www.mildef.com.

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